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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF HAWAII

In the Matter of the Application)
)
HAWAIIAN ELECTRIC COMPANY, INC.)
)
For Approval and/or Modification of)
Demand-Side and Load Management)
Programs and Recovery of Program)
Costs and DSM Utility Incentives)
_____)

DOCKET NO. 05-0069

(SEPARATED)

PUBLIC UTILITIES
COMMISSION

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FILED

MOTION TO INTERVENE

and

MOTION FOR ENLARGEMENT OF TIME

and

CERTIFICATE OF SERVICE

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HONOLULU SEAWATER AIR CONDITIONING, LLC

BACKGROUND

By Order No. 21698, the State of Hawaii Public Utilities Commission:

“(1) separate[d] Hawaiian Electric Company, Inc.’s (“HECO”) requests for approval and/or modification of demand-side and load management programs and recovery of program costs and demand-side management (“DSM”) utility incentives (the “Proposed DSM Programs”) from Docket No. 04-0113 (the “Rate Case Docket”), in which to consider these matters, among other things, and (2) determine[d] the parties and

participants for the Rate Case Docket and the newly formed Energy Efficiency Docket to address and examine the Proposed DSM Programs.”

According to Order No. 21698, “[i]n its Application, HECO requests approval of seven (7) new energy efficiency DSM programs and the recovery of the programs’ costs through base rates. The new energy efficiency DSM programs that are being proposed are the: (1) Commercial and Industrial Energy Efficiency (“CIEE”) Program; (2) Commercial and Industrial New Construction (“CINC”) Program; (3) Commercial and Industrial Customized Rebate (“CICR”) Program; (4) Residential Efficient Water Heating (“REWH”) Program; (5) Residential New Construction (“RNC”) Program; (6) Residential Low Income (“RLI”) Program; and (7) Energy\$olutions for the Home (“ESH”) Program.”

Honolulu Seawater Air Conditioning, LLC (HSWAC) (“Applicant”) is currently developing a 25,000-ton seawater air conditioning district cooling system for downtown Honolulu. Applicant also plans to develop a similar 25,000-ton seawater air conditioning district cooling system for Waikiki. Both of these projects are expected to be completed prior to 2009.

HECO is proposing to install a new fossil-fueled electricity generator in 2009. The downtown Honolulu and Waikiki seawater air conditioning district cooling projects will reduce the demand for electrical power generation by a total of up to 34 megawatts. Based on data provided by HECO in its IRP proceedings, this is equivalent to 2.0 to 2.4 years of HECO’s projected load growth. Development of these seawater air conditioning district cooling projects may help to delay the need for a new power plant by a similar amount.

Solar water heating has been demonstrated to be one of the largest and most successful components of HECO's Demand Side Management Programs. HSWAC strongly supports the continuation and expansion of solar water heating demand side reduction programs. Demand reduction benefits of the downtown Honolulu and Waikiki seawater air conditioning district cooling systems are equivalent to that provided by 46,000 residential solar water heating systems.

Seawater air conditioning district cooling systems save 75%, or more, of the energy used by conventional chiller-based air conditioning. The downtown Honolulu and Waikiki seawater air conditioning district cooling projects will also reduce the use of fossil-fuel generated electricity by up to 126 million kWh/yr. This will reduce the use of imported fossil fuels by up to 290,000 barrels of crude oil per year, and will eliminate the generation of associated pollutants from fossil fuel transportation, conversion, and combustion. The reduction in use of imported crude oil due to the downtown Honolulu and Waikiki seawater air conditioning district cooling systems will be equivalent to that provided by 50,700 residential solar water heating systems.

According to Order No. 21698, "[i]n its Application, HECO states that it assessed the energy efficiency achievable potential for Oahu as part of its third IRP process in Docket No. 03-253. HECO's findings of the assessment suggest that 'even with the accomplishments from HECO's existing energy efficiency programs, significant potential still exists for additional energy savings on Oahu, ... these energy savings can best be realized through a major expansion of HECO's energy efficiency DSM program efforts, and ... this will necessitate that HECO expand its existing DSM program portfolio to include previously underserved markets for energy efficiency.' "

Applicant concurs with this assessment and maintains that commercial and multi-unit residential air conditioning is one of these “underserved markets for energy efficiency.” Applicant estimates that there is a total of at least 100,000 tons of developable potential for seawater air conditioning district cooling systems on Oahu.

Order No. 21698 also states that “[i]n light of HECO’s forecast reserve capacity shortfalls contained in the Application and the direct testimonies supporting the Application, the commission must consider whether HECO’s DSM Programs are the most cost-effective methods of meeting increasing demand for electric services. Additional information, including whether the benefits to be attained by the Proposed DSM Programs outweigh the risks to the ratepayers, will be produced if the commission examines these programs in this docket.” It was further stated that “[t]he commission believes that additional information relating to energy efficiency programs is required to determine whether those proposed by HECO are the best means of achieving energy savings, as it suggests.”

Again, Applicant concurs with this assessment and maintains that this examination will show that seawater air conditioning district cooling systems have not been adequately evaluated and incorporated into HECO’s DSM plans, to date, and that the benefits of seawater air conditioning district cooling systems will be a substantial and cost-effective addition to HECO’s DSM program.

Applicant was founded by Market Street Energy Company, LLC (“Market Street”), of Saint Paul, Minnesota. The limited liability company was founded to develop seawater air conditioning projects in Hawaii.

Market Street is a for-profit affiliate of District Energy St. Paul, a non-profit heating utility, and District Cooling St. Paul, a non-profit cooling utility, in St. Paul, Minnesota, and a product of the nation's most successful public/private energy partnership for over 25 years.

Market Street has more than twenty years experience in conceiving, designing, developing, financing, constructing, owning, and operating district energy systems and is therefore uniquely qualified to develop and operate such systems in Hawaii, and in other suitable markets.

Applicant maintains that the rebate program proposed for seawater air conditioning district cooling systems (under the CICR Program), while a step in the right direction, does not provide a rebate that is proportional, and equitable, to that provided to other demand side management technologies. HECO's proposed rebate for seawater air conditioning district cooling systems is also not proportional to the benefits that such systems provide. Applicant has not yet taken a position on HECO's recovery of program costs, lost margins, and shareholder incentives.

Seawater air conditioning district cooling systems have significant potential to contribute toward IRP goals and DSM objectives, as well as State energy policy goals and objectives. Accordingly, Applicant has a substantial and continuing interest in the execution and results of this docket.

ARGUMENT FOR INTERVENTION

Pursuant to Subchapter 4, Section 6-61-55 of the Rules of Practice and Procedure before the Public Utilities Commission ("PUC" or "Commission"), the PUC

may allow intervention to those persons who meet the standards outlined in the rule as more specifically discussed below.

1. The Nature of the Applicant's Statutory or Other Right to Participate in the Hearing.

Hawaii Revised Statutes, §269-13 (Right to be represented by counsel) states that "At any investigation by or proceeding before the public utilities commission the public utility or the person concerned, or other respondent or party and any complainant or permitted intervener shall have the right to be present and represented by counsel, to present any evidence desired, and to cross-examine any witness who may be called." Applicant hereby seeks to intervene through counsel.

Applicant is eligible to intervene in these proceedings inasmuch as Applicant has interests directly affected and which are not adequately represented by existing parties; Applicant will advocate interests of such a nature that Applicant's participation will be in the public interest; and Applicant possesses rights discussed in number 2 below; all of which satisfy the eligibility requirements to intervene in an administrative action.

2. The Nature and Extent of the Applicant's Property, Financial, and Other Interest in the Pending Matter.

Applicant is currently developing a 25,000-ton seawater air conditioning district cooling system for downtown Honolulu. Applicant also plans to develop a similar 25,000-ton seawater air conditioning district cooling system for Waikiki.

The downtown Honolulu and Waikiki seawater air conditioning district cooling projects will reduce the demand for electrical power generation by a total of up to 34 megawatts. Based on data provided by HECO in its IRP proceedings, this is equivalent to 2.0 to 2.4 years of HECO's projected load growth. Demand reduction benefits of the

downtown Honolulu and Waikiki seawater air conditioning district cooling systems are equivalent to 46,000 residential solar water heating systems.

Seawater air conditioning district cooling systems save 75%, or more, of the energy used by conventional chiller-based air conditioning. The downtown Honolulu and Waikiki seawater air conditioning district cooling projects will also reduce the use of fossil-fuel generated electricity by up to 126 million kWh/yr. This will displace the use of imported fossil fuels by up to 290,000 barrels of crude oil per year, and will eliminate the generation of associated pollutants from fossil fuel transportation, conversion, and combustion. The reduction in use of imported crude oil, of the downtown Honolulu and Waikiki seawater air conditioning district cooling systems, will be equivalent to 50,700 residential solar water heating systems.

Each of these seawater air conditioning district cooling systems will require the investment of \$120 million by Applicant. Providing a rebate that is both proportional to the benefits provided, and equitable, to that provided to other demand side management technologies, will help to make seawater air conditioning district cooling systems more cost effective to the customers these systems will serve.

As such, Applicant has a strong, and vested, interest in the optimal development and successful implementation of any such DSM programs.

3. The Effect of the Pending Order as to the Applicant's Interest.

Order No. 21698 may significantly modify HECO's current DSM program. Previous DSM programs have benefited many utility customers, and the general public of the State of Hawaii, as a whole. However, Applicant maintains that commercial and multi-unit residential air conditioning is one of the "underserved markets for energy

efficiency.” Seawater air conditioning district cooling systems have the potential to serve a large proportion of these underserved markets.

4. The Other Means Available Whereby the Applicant's Interest May Be Protected.

None that Applicant is aware of that would fully protect Applicant's interest.

5. The Extent to Which the Applicant's Interest Will Not Be Represented By Existing Parties.

Applicant maintains that the principal parties to this docket, HECO and the Consumer Advocate, are primarily concerned with benefits afforded to other specific stakeholder groups, i.e., utility investors and customers (rate payers), respectively. Other interveners are generally supportive of energy efficiency technologies, but have not specifically addressed seawater air conditioning district cooling systems. Furthermore, they may not have specialized knowledge of the operational characteristics and benefits of such systems to fully and adequately represent Applicant's interest.

State of Hawaii policies and the general public have consistently demonstrated a strong desire for the increased use of energy efficiency and renewable energy. Therefore, it is critical that Applicant actively represent its own interest, and to some degree the related policy interest of the general public.

6. The Extent to Which the Applicant's Participation Can Assist in the Development of a Sound Record.

Applicant is uniquely aware of, and experienced in, the marketing, economics and performance of seawater air conditioning district energy systems. This knowledge and experience has been gained via the marketing, design, installation and testing of a number of such systems over a number of years. This knowledge and experience will

be extremely useful in assisting the Commission, and other parties, in developing the most effective DSM program.

7. The Extent to Which the Applicant's Participation Will Broaden the Issues or Delay the Proceeding.

To our knowledge, Applicant's participation will not broaden the issues or delay the proceedings beyond what is contained herein.

8. The Extent to Which the Applicant's Interest in the Proceeding Differs from That of the General Public.

Applicant's objectives with respect to renewable energy, energy efficiency, and economic development, in general, and the use of seawater air conditioning district energy systems, in particular, are consistent with those of the general public, as well as those of established State of Hawaii and national energy policies; however, Applicant's interests differ from the general public as discussed in number 5.

9. Whether the Applicant's Position is in Support or Opposition to the Relief Sought.

Applicant's position is generally in support of HECO's Application For and/or Modification of Demand-Side and Load Management Programs and Recovery of Program Costs and DSM Utility Incentives. Applicant strongly supports the continuance of these worthwhile DSM programs. Applicant has not yet taken a position on HECO's recovery of program costs, lost margins, and shareholder incentives. However, specific details of this proposed plan require further evaluation and perhaps modification.

ARGUMENT FOR ENLARGEMENT OF TIME

Pursuant to Subchapter 4, Section 6-61-23 of the Rules of Practice and Procedure before the Public Utilities Commission, "(a) [w]hen by this chapter or by

notice or by order of the commission, any act is required or allowed to be done at or within a specified time, the commission for good cause shown may at any time, in its discretion:

(1) With or without motion or notice, order the period enlarged, if written request is made before the expiration of the period originally prescribed or as extended by a previous order; or

(2) Upon motion made after the expiration of the specified period, permit the act to be done where the failure to act was the result of excusable neglect; but it may not extend the time for taking any action on jurisdictional matters and where any order expressly provides that enlargement shall be granted.”

Applicant was not a party to Docket No. 04-0113 (the Rate Case Docket), only recently became aware of the newly formed Docket No. 05-0069 (the Energy Efficiency Docket), and was therefore unable to file a Motion to Intervene within the time limit prescribed by statutes, rules, or by order of the Commission.

Applicant understands that other parties were allowed to intervene after the time limit prescribed by statutes, rules, or by order of the Commission. Such interveners include: (1) Maui Electric Company (MECO); (2) Hawaiian Electric Light Company (HELCO); and (3) The Gas Company. Applicant respectfully requests similar consideration.

A review of the State of Hawaii Public Utilities Commission web site (<http://www.hawaii.gov/budget/puc/dockets/energy.htm#0069>), last updated June 20,

2005, shows that there apparently have been no substantive activities reported since the posting of Order No. 21698, dated March 16, 2005.

Applicant maintains that no harm will result to the parties as a result of the enlargement of time.

CONCLUSION

Based on the foregoing, Applicant respectfully requests that the Commission grant its Motion to Intervene and Motion for Enlargement of Time.

DATED: Honolulu, Hawaii June 24, 2005.


Matthew M. Matsunaga

Attorney for Applicant
Honolulu Seawater Air Conditioning, LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Motion to Intervene and Motion for Enlargement of Time upon the following parties by causing a copy hereof to be hand-delivered or mailed, postage prepaid, and properly addressed to such party as follows:

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DATED: Honolulu, Hawaii June 24, 2005



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